

1 AN ACT relating to retirement.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS 21.345 TO 21.580 IS CREATED TO
4 READ AS FOLLOWS:

5 *Notwithstanding any other provision of KRS 6.500 to 6.577, 16.505 to 16.652, 21.345 to*
6 *21.580, 61.510 to 61.705, 78.510 to 78.852, or 161.220 to 161.716 to the contrary:*

7 *(1) The Legislators' Retirement Plan, as provided by KRS 6.500 to 6.577, shall be*
8 *closed to new members effective July 1, 2021. A legislator who has not*
9 *contributed to the Legislators' Retirement Plan prior to July 1, 2021, shall not be*
10 *eligible to participate in the Legislators' Retirement Plan for his or her service as*
11 *a member of the General Assembly, but shall instead participate as a*
12 *nonhazardous member of the Kentucky Employees Retirement System as*
13 *provided by KRS 61.510 to 61.705 for the duration of service as a member of the*
14 *General Assembly, except as provided by KRS 61.637 and except that, if upon*
15 *election to office, the legislator is a contributing member of the Kentucky*
16 *Teachers' Retirement System, the legislator may elect to retain membership in the*
17 *Teachers' Retirement System in accordance with subsection (4)(c) of Section 11*
18 *of this Act in lieu of participating in the Kentucky Employees Retirement System.*

19 *(2) The Judicial Retirement Plan as provided by 21.345 to 21.580 shall be closed to*
20 *new members effective July 1, 2021. A judge or justice who has not contributed to*
21 *the Judicial Retirement Plan prior to July 1, 2021, shall not be eligible to*
22 *participate in the Judicial Retirement Plan for his or her service as a judge or*
23 *justice, but shall instead participate as a nonhazardous member of the Kentucky*
24 *Employees Retirement System as provided by KRS 61.510 to 61.705 for the*
25 *duration of service as a judge or justice, except as provided by KRS 61.637.*

26 *(2) Effective December 1, 2021, any member who began participating in the*
27 *Legislators' Retirement Plan or the Judicial Retirement Plan on or after January*

1 1, 2014, but prior to July 1, 2021, who has an accumulated account balance in
 2 the hybrid cash balance plan as provided by Section 7 of this Act shall:

3 (a) Have his or her accumulated account balance and service credit as of
 4 November 30, 2021, transferred to the Kentucky Employees Retirement
 5 System's nonhazardous hybrid cash balance plan as provided by KRS
 6 61.597. Service previously credited in the Legislators' Retirement Plan or
 7 the Judicial Retirement Plan shall be credited in the Kentucky Employees
 8 Retirement System nonhazardous plan; and

9 (b) Participate as a nonhazardous member of the Kentucky Employees
 10 Retirement System as provided by KRS 61.597 for any future service to the
 11 General Assembly or as a judge or justice.

12 (3) For purposes of this section, "nonhazardous" means the level of benefits
 13 applicable to employees of the Kentucky Employees Retirement System who do
 14 not qualify for hazardous duty coverage under KRS 61.592.

15 ➔Section 2. KRS 6.500 is amended to read as follows:

16 There hereby is created a retirement plan for the members of the General Assembly
 17 (hereinafter "legislators") who take office prior to July 1, 2021. Each legislator in office
 18 on July 1, 1980, and each legislator thereafter taking office prior to July 1, 2021, may
 19 acquire membership in the plan in accordance with the provisions of KRS 6.505.

20 ➔Section 3. KRS 6.505 is repealed, reenacted, and amended to read as follows:

21 (1) (a) Each legislator in office on July 1, 1980, may within thirty (30) days after that
 22 date, and any legislator ~~thereafter~~ taking office prior to July 1, 2021, may
 23 within thirty (30) days after the date thereof, elect to make monthly
 24 contributions to the Legislators' Retirement Plan, in an amount equal to five
 25 percent (5%) of his or her monthly creditable compensation, as defined in
 26 KRS 61.510(13), or the amount specified by paragraph (d) of this subsection.
 27 The election shall be effective to establish membership in the plan as of July

1 1, 1980, or as of the date from which the thirty (30) day period is measured, as
2 the case may be. Provided, however, that any legislator who was in office on
3 July 1, 1980, and who is in office at the time he or she makes the election
4 may, after the expiration of the thirty (30) day period and until May 1, 1982,
5 make the election, in which event he or she shall pay to the Legislators'
6 Retirement Plan, for the months between July 1, 1980, and the date of his
7 election such sum as, when added to any member's contribution by him or her
8 that is transferred from another retirement system under KRS 6.535, will
9 equal the member's contribution required by this section. If the member makes
10 his or her election after February 1, 1981, he or she shall in addition pay to
11 the plan interest on the foregoing sum, at six percent (6%) per annum,
12 calculated as if the sum consisted of equal monthly payments, one (1) of
13 which was due at the end of each month between July 1, 1980, and the date
14 the election was made. The election shall be addressed to and filed with the
15 secretary of the Finance and Administration Cabinet and shall constitute an
16 authorization to the secretary to thereafter cause to be deducted from the
17 member's monthly creditable compensation an amount equal to five percent
18 (5%) thereof, as a voluntarily elected contribution by the member towards the
19 funding of the Legislators' Retirement Plan.

- 20 (b) 1. For a member who begins participating in the Legislators' Retirement
21 Plan prior to January 1, 2014, the election shall operate to create an
22 inviolable contract between such member and the Commonwealth,
23 guaranteeing to and vesting in the member the rights and benefits
24 provided for under KRS 6.515 to 6.530, except that the General
25 Assembly reserves the right to amend, reduce, or suspend any legislative
26 changes to the provisions of KRS 6.500 to 6.577 that become effective
27 on or after July 1, 2021~~[2018]~~.

- 1 2. a. For members who begin participating in the Legislators'
2 Retirement Plan on or after January 1, 2014, the General Assembly
3 reserves the right to amend, suspend, or reduce the benefits and
4 rights provided under KRS 6.500 to 6.577 if, in its judgment, the
5 welfare of the Commonwealth so demands, except that the amount
6 of benefits the member has accrued at the time of amendment,
7 suspension, or reduction shall not be affected.
- 8 b. For purposes of this subparagraph, the amount of benefits the
9 member has accrued at the time of amendment, suspension, or
10 reduction shall be limited to the accumulated account balance the
11 member has accrued at the time of amendment, suspension, or
12 reduction.
- 13 c. The provisions of this subsection shall not be construed to limit the
14 General Assembly's authority to change any other benefit or right
15 specified by KRS 6.500 to 6.577, for members who begin
16 participating in the Legislators' Retirement Plan on or after January
17 1, 2014, except the benefits specified by subparagraph 2.b. of this
18 paragraph.
- 19 3. The provisions of this paragraph shall not be construed to limit the
20 General Assembly's authority to amend, reduce, or suspend the benefits
21 and rights of members of the Legislators' Retirement Plan as provided by
22 KRS 6.500 to 6.577 that the General Assembly had the authority to
23 amend, reduce, or suspend, prior to July 1, 2013.
- 24 (c) An election once made under this section either to participate or not to
25 participate in the Legislators' Retirement Plan, shall be considered to apply to
26 all future service as a legislator except as provided by Section 1 of this
27 Act~~[KRS 21.374 or 21.385(3)]~~, whether in the same or a different office as a

1 legislator, and whether or not it is in successive terms.

2 (d) Notwithstanding the provisions of this subsection:

3 1. A legislator who becomes a member of the Legislators' Retirement Plan
4 on or after September 1, 2008, but prior to January 1, 2014, shall make
5 monthly contributions to the Legislators' Retirement Plan in an amount
6 equal to six percent (6%) of his *or her* monthly creditable compensation,
7 as defined in KRS 61.510(13);

8 2. A legislator who becomes a member of the Legislators' Retirement Plan
9 on or after January 1, 2014, shall make monthly contributions to the
10 Legislators' Retirement Plan in an amount equal to six percent (6%) of
11 his or her monthly creditable compensation, as defined in KRS
12 61.510(13), of which:

13 a. Five percent (5%) of his or her monthly creditable compensation,
14 as defined in KRS 61.510(13), shall be used to provide funding for
15 benefits provided under KRS 21.402; and

16 b. One percent (1%) of his or her monthly creditable compensation,
17 as defined in KRS 61.510(13), shall be used exclusively to help
18 fund retiree health benefits as provided by KRS 6.577 and shall not
19 be refunded to the member if the member withdraws his or her
20 accumulated account balance as provided by KRS 21.460. The
21 amounts deducted under this subdivision shall be credited to an
22 account established pursuant to 26 U.S.C. sec. 401(h), within the
23 fund established by KRS 6.530.

24 (2) A legislator entitled to elect membership in the retirement system who failed to
25 elect membership within thirty (30) days after taking office may elect membership
26 not later than August 31, 2005. An election, upon being made pursuant to this
27 section, shall operate to create an inviolable contract between the member entitled

1 to elect membership under this subsection and the Commonwealth, guaranteeing to
2 and vesting in the member the rights and benefits provided for under the terms and
3 conditions of KRS 6.500 to 6.577, except that the General Assembly reserves the
4 right to amend, reduce, or suspend any legislative changes to the provisions of KRS
5 6.500 to 6.577 that become effective on or after July 1, 2021~~[2018]~~.

6 (3) When any legislator makes a delayed election of membership in the Legislators'
7 Retirement Plan under subsection (2) of this section, his or her active membership
8 in the Kentucky Employees Retirement System shall terminate, as of the date his or
9 her membership in the Legislators' Retirement Plan becomes effective, and any
10 credit in the Kentucky Employees Retirement System, earned for service as a
11 legislator, which he or she then has or which he subsequently regains while being
12 an active member of the Legislators' Retirement Plan, shall be transferred to and
13 counted as service credit in the Legislators' Retirement Plan, and shall no longer
14 constitute credit in the Kentucky Employees Retirement System, except for the
15 purpose of validating any other credit in that system if the member pays the
16 difference, if any, between the amount transferred from the Kentucky Employees
17 Retirement System and the actuarial value of the transferred service. However, any
18 credit he or she then has in the Kentucky Employees Retirement System, earned for
19 service in any capacity other than a legislator, shall not be affected. No person may
20 attain credit in more than one (1) of the retirement plans or systems mentioned in
21 this section for the same period of service. When credit is transferred from the
22 Kentucky Employees Retirement System to the Legislators' Retirement Plan, the
23 Kentucky Employees Retirement System shall transfer to the Legislators'
24 Retirement Fund an amount equal to the employee's and employer's contributions
25 attributable to that credit, together with interest on the contributions from the date
26 made to the date of transfer at the actuarially assumed interest rate of the Kentucky
27 Employees Retirement System in effect at the time the contributions were made,

1 compounded annually at that same interest rate.

2 (4) The state shall, solely for the purpose of compliance with Section 414(h) of the
3 United States Internal Revenue Code, pick up the employee contributions required
4 by this section for all compensation earned after August 1, 1982, and the
5 contributions so picked up shall be treated as employer contributions in determining
6 tax treatment under the United States Internal Revenue Code and KRS 141.010. The
7 picked-up employee contribution shall satisfy all obligations to the retirement
8 system satisfied prior to August 1, 1982, by the employee contribution, and the
9 picked-up employee contribution shall be in lieu of an employee contribution. The
10 state shall pay these picked-up employee contributions from the same source of
11 funds which is used to pay earnings to the employee. The employee shall have no
12 option to receive the contributed amounts directly instead of having them paid by
13 the employer to the system. Employee contributions picked up after August 1, 1982,
14 shall be treated for all purposes of KRS 6.500 to 6.535 in the same manner and to
15 the same extent as employee contributions made prior to August 1, 1982.

16 (5) When any legislator elects membership in the Legislators' Retirement Plan in
17 accordance with this section, his or her active membership in the Kentucky
18 Employees Retirement System, State Police Retirement System, County Employees
19 Retirement System, or Teachers' Retirement System shall terminate, as of the date
20 his or her membership in the Legislators' Retirement Plan becomes effective, and
21 any credit in such other system or systems, earned for service as a legislator, which
22 he or she then has or which he or she subsequently regains while being an active
23 member of the Legislators' Retirement Plan, shall be transferred to and counted as
24 service credit in the Legislators' Retirement Plan, and shall no longer constitute
25 credit in such other retirement system except for the purpose of validating any other
26 credit in that system. However, any credit he or she then has in such other
27 retirement system, earned for service in any capacity other than a legislator, shall

1 not be affected. No person may attain credit in more than one (1) of the retirement
2 plans or systems mentioned in this section, for the same period of service.

3 (6) A member of the Legislators' Retirement Plan who would be entitled, under KRS
4 61.552, to repurchase credit in the Kentucky Employees Retirement System, for
5 previous service as a legislator, which credit had been lost by refund of
6 contributions, may pay the amount required by KRS 61.552 directly to the
7 Legislators' Retirement Plan and thereby obtain credit in that plan for such service,
8 rather than making payment to the Kentucky Employees Retirement System for
9 credit which would be transferred to the Legislators' Retirement Plan. In such event,
10 the Kentucky Employees Retirement System shall transfer to the Legislators'
11 Retirement Plan an amount equal to the employer's contributions that originally
12 were made to the Kentucky Employees Retirement System for the regained service
13 credit, with interest as provided in KRS 6.535. Six (6) months' current service shall
14 be required in the Legislators' Retirement Plan in order for the repurchased credit to
15 remain in force, the same as provided in KRS 61.552. Service purchased under this
16 subsection on or after January 1, 2014, shall not be used to determine the member's
17 participation date in the Legislators' Retirement Plan.

18 ➔Section 4. KRS 6.520 is repealed, reenacted, and amended to read as follows:

19 (1) A member of the Legislators' Retirement Plan who retires on or after his or her
20 normal retirement date shall receive a service retirement allowance, payable
21 monthly during his lifetime, in an amount per month equal to three and fifty one-
22 hundredths percent (3.50%) of his or her final compensation multiplied by the
23 number of years of his or her service, but in no event to exceed one hundred percent
24 (100%) of final compensation. For this purpose, "final compensation" means the
25 average monthly creditable compensation as determined in KRS 61.510(13) of the
26 member for services as a legislator for the three (3) years during which the member
27 had the highest creditable legislative compensation.

- 1 (2) A member shall have rights, with respect to retirement before reaching normal
2 retirement date in the Legislators' Retirement Plan, identical in terms with those
3 rights provided in KRS 21.400(2) and (3) in the Judicial Retirement Plan for
4 members of that plan, except that the reduction in a legislators' service retirement
5 allowance for early retirement shall be at the rate of five percent (5%) of the
6 allowance for each year that retirement precedes the normal retirement date.
- 7 (3) Subsections (1) and (2) of this section to the contrary notwithstanding, each
8 legislator in office on July 1, 1982, that is a member of the Legislators' Retirement
9 Plan, who retires on or after his or her normal retirement date, shall receive a
10 service retirement allowance, payable monthly, on a formula equal to that of a
11 justice or judge of the Court of Justice with an equivalent service entrance date, but
12 in no event less than that specified in subsection (1) of this section, of his or her
13 final compensation multiplied by the number of years of his or her service, but in
14 no event to exceed one hundred percent (100%) of his or her final compensation.
15 For this purpose, "final compensation" means the average monthly creditable
16 compensation as determined in KRS 61.510(13) of the three (3) years during which
17 the member had the highest creditable legislative compensation.
- 18 (4) Notwithstanding any other provision of KRS 6.500 to 6.577 or 21.345 to 21.580 to
19 the contrary, a member of the Legislators' Retirement Plan with a service entrance
20 date after July 1, 1982 but prior to January 1, 2014, who retires on or after his or
21 her normal retirement date, shall receive a service retirement allowance, payable
22 monthly during his or her lifetime, in an amount per month equal to:
- 23 (a) Two and seventy-five one-hundredths percent (2.75%) of his or her final
24 compensation multiplied by the number of years of his or her service accrued
25 prior to July 1, 2021~~January 1, 2019~~; and
- 26 (b) One and ninety-seven one-hundredths percent (1.97%) of his or her final
27 compensation multiplied by the number of years of his or her service accrued

1 on or after July 1, 2021~~[January 1, 2019]~~.

2 In no event shall the benefit provided by this subsection exceed one hundred percent
3 (100%) of final compensation. For this purpose, "final compensation" means the
4 average monthly creditable compensation as determined in KRS 61.510(13) of the
5 member for services as a legislator for the three (3) years during which the member
6 had the highest creditable legislative compensation.

7 (5) Subsections (1) to (4) of this section shall not apply to members who begin
8 participating in the Legislators' Retirement Plan on or after January 1, 2014.

9 ➔Section 5. KRS 6.525 is repealed, reenacted, and amended to read as follows:

10 The Legislators' Retirement Plan shall be governed by KRS 21.560 and by provisions
11 identical in terms with those provided in KRS 21.345(1), 21.345(3) to (6), 21.357,
12 21.360(1), 21.370 to 21.410, ~~[21.374,]~~21.420, 21.425, 21.450, 21.460, 21.470, 21.480,
13 21.525, 21.540, Section 1 of this Act, and 61.552 for the Judicial Retirement Plan, except
14 that:

15 (1) Five (5) years of service as a legislator will be sufficient for vesting; and

16 (2) (a) A member of the Legislators' Retirement Plan may combine his or her service
17 credit with his service credit in the Teachers' Retirement System, Kentucky
18 Employees Retirement System, County Employees Retirement System, and
19 State Police Retirement System at the time of his retirement, according to the
20 procedure of KRS 61.680(2)(a), except that the salary used to determine final
21 compensation, if applicable, shall be based on the creditable compensation in
22 KRS 61.510(13) for service while a member of the General Assembly whether
23 or not a member of the Legislators' Retirement Plan.

24 (b) 1. For members contributing on or after June 20, 2005 but prior to January
25 1, 2014, who have service credit in the State Police Retirement System,
26 Kentucky Employees Retirement System, County Employees Retirement
27 System, or Teachers' Retirement System prior to July 1, 2021~~[January 1,~~

1 ~~2019~~: Upon retirement, a member's accounts under the Legislators'
 2 Retirement Plan, State Police Retirement System, Kentucky Employees
 3 Retirement System, County Employees Retirement System, and
 4 Teachers' Retirement System shall be consolidated for the purpose of
 5 determining eligibility and amount of benefits as provided in KRS
 6 61.680(2)(a) and in the same manner as for the other retirement systems
 7 using the highest salary regardless of the system in which it was earned,
 8 except that any salary earned in the State Police Retirement System,
 9 Kentucky Employees Retirement System, County Employees Retirement
 10 System, or ~~Kentucky~~ Teachers' Retirement System on or after July 1,
 11 2021~~January 1, 2019~~, shall not be used to determine benefits in the
 12 Legislators' Retirement Plan.

13 2. The consolidation of accounts as provided by this paragraph shall not
 14 apply to accounts in the State Police Retirement System, the Kentucky
 15 Employees Retirement System, the County Employees Retirement
 16 System, and the Teachers' Retirement System, from which the member
 17 is receiving a retirement benefit.

18 3. For purposes of this paragraph, "retirement" means the month in which
 19 the member elects to begin receiving benefits or benefits become
 20 payable due to the member's death.

21 (c) A member who has an account in the Legislators' Retirement Plan and the
 22 Judicial Retirement Plan may combine his or her service in both plans for
 23 purposes of determining:

24 1. Eligibility and the amount of benefits; and

25 2. Final compensation, provided the member began participating in the
 26 Legislators' Retirement Plan prior to January 1, 2014, and except that
 27 any salary earned in the Judicial Retirement Plan on or after July 1,

1 2021~~January 1, 2019~~, shall not be used to determine final
2 compensation in the Legislators' Retirement Plan.

3 (d) A member who began participating in the Legislators' Retirement Plan prior to
4 January 1, 2014, may retire at the completion of twenty-seven (27) or more
5 years of combined service credit, so long as at least fifteen (15) years of such
6 credit were earned after January 1, 1960, and there shall be no reduction in the
7 retirement allowance because of retirement before the age of sixty-five (65).

8 (e) For the purposes of this section, any reference in the KRS sections listed
9 above to the Judicial Retirement Plan shall also be read as a reference to the
10 Legislators' Retirement Plan, and any reference to the Legislators' Retirement
11 Plan shall also be read as a reference to the Judicial Retirement Plan.

12 (3) Any other statute to the contrary notwithstanding, a member of any state-
13 administered retirement system who has ceased to qualify for membership but
14 subsequently returns to a qualified status, shall, for the purposes of determining the
15 date of entry into the state-administered retirement system for the subsequent period
16 or periods of service, be deemed to have never left the retirement system.

17 ➔Section 6. KRS 21.360 is repealed, reenacted, and amended to read as follows:

18 (1) (a) Each Judge of the District Court in office on July 1, 1978, may within thirty
19 (30) days after that date, and any judge or justice of any court entitled to be a
20 member thereafter taking office prior to July 1, 2021, may within thirty (30)
21 days after taking office, elect to make monthly contributions to the retirement
22 system in an amount equal to:

23 1. Five percent (5%) of his or her monthly official salary, if the judge or
24 justice became a member of the Kentucky Judicial Retirement Plan prior
25 to September 1, 2008;

26 2. Six percent (6%) of his or her monthly official salary, if the judge or
27 justice became a member of the Kentucky Judicial Retirement Plan on

- 1 or after September 1, 2008, but prior to January 1, 2014; or
- 2 3. Six percent (6%) of his or her monthly official salary, if the judge or
- 3 justice who becomes a member of the Kentucky Judicial Retirement
- 4 Plan on or after January 1, 2014, which shall be used to fund benefits as
- 5 follows:
- 6 a. Five percent (5%) of the monthly official salary shall be used to
- 7 provide funding for benefits provided under KRS 21.402; and
- 8 b. One percent (1%) of the monthly official salary to be used
- 9 exclusively to help fund retiree health benefits as provided by KRS
- 10 21.427 and which shall not be refunded to the member if the
- 11 member withdraws his or her accumulated account balance as
- 12 provided by KRS 21.460. The deducted amounts under this
- 13 subdivision shall be credited to an account established pursuant to
- 14 26 U.S.C. sec. 401(h), within the fund established by KRS 21.347.
- 15 (b) The election shall be effective to establish membership in the system as of
- 16 July 1, 1978, or as of the date the judge or justice took office, as the case may
- 17 be. The election shall be addressed to and filed with the secretary of the
- 18 Finance and Administration Cabinet, and shall constitute an authorization by
- 19 the member, to the secretary, to thereafter cause to be deducted from the
- 20 member's official salary, each month, the amount required by paragraph (a) of
- 21 this subsection, as a voluntary contribution by the member towards the
- 22 funding of the retirement system. For a member who began contributing to the
- 23 Judicial Retirement Plan prior to January 1, 2014, the contribution shall
- 24 continue until the judge or justice is vested in a service retirement allowance
- 25 equal to one hundred percent (100%) of final compensation. Thereafter
- 26 employee contributions shall be discontinued but continued service and
- 27 retirement benefits shall not be affected thereby.

1 (2) A judge or justice entitled to elect membership in the retirement system who failed
2 to elect membership within thirty (30) days after taking office in 1980 or who
3 elected membership in the Kentucky Employees Retirement System may elect
4 membership not later than August 31, 2005. An election, upon being made pursuant
5 to this section, shall operate to create an inviolable contract between the member
6 entitled to elect membership under this subsection and the Commonwealth,
7 guaranteeing to and vesting in the member the rights and benefits provided for
8 under the terms and conditions of KRS 21.350 to 21.510, except that the General
9 Assembly reserves the right to amend, reduce, or suspend any legislative changes to
10 the provisions of KRS 21.345 to 21.580 that become effective on or after July 1,
11 2021~~[2018]~~.

12 (3) (a) When any judge makes a delayed election of membership in the Judicial
13 Retirement Plan under subsection (2) of this section, his or her active
14 membership in the Kentucky Employees Retirement System shall terminate,
15 as of the date his or her membership in the Judicial Retirement Plan becomes
16 effective, and any credit in the Kentucky Employees Retirement System,
17 earned for service as a judge, which he or she then has or which he or she
18 subsequently regains while being an active member of the Judicial Retirement
19 Plan, shall be transferred to and counted as service credit in the Judicial
20 Retirement Plan, and shall no longer constitute credit in the Kentucky
21 Employees Retirement System, except for the purpose of validating any other
22 credit in that system, if the member pays the difference, if any, between the
23 amount transferred from the Kentucky Employees Retirement System and the
24 actuarial value of the transferred service.

25 (b) Any credit he or she then has in the Kentucky Employees Retirement System,
26 earned for service in any capacity other than a judge, shall not be affected.
27 Notwithstanding any provisions of KRS 61.680 to the contrary, final

1 compensation used to determine benefits for any service credit remaining in
2 the Kentucky Employees Retirement System shall be based on the highest
3 years of compensation as a judge whether the years occur before or after the
4 judge elects membership in the Judicial Retirement Plan.

5 (c) No person may attain credit in more than one (1) of the retirement plans or
6 systems mentioned in this section for the same period of service. When credit
7 is transferred from the Kentucky Employees Retirement System to the Judicial
8 Retirement Plan, the Kentucky Employees Retirement System shall transfer to
9 the Judicial Retirement Fund an amount equal to the employee's and
10 employer's contributions attributable to that credit, together with interest on
11 the contributions from the date made to the date of transfer at the actuarially-
12 assumed interest rate of the Kentucky Employees Retirement System in effect
13 at the time the contributions were made, compounded annually at that same
14 interest rate.

15 (4) Membership and benefit rights for judges and justices (other than Judges of the
16 District Court), and for the commissioners and administrative director, who took
17 office prior to July 1, 1978, shall be dependent upon valid elections having been
18 made under this section (and KRS 21.355 and 21.365) prior to the 1978 amendment
19 to this section. The terms of such elections, including the contribution rate, shall
20 continue to govern for the duration of the member's service.

21 (5) When any Judge of the District Court in office on July 1, 1978, elects membership
22 in the Judicial Retirement Plan in accordance with this section, his or her
23 membership in the Kentucky Employees Retirement System shall terminate as of
24 July 1, 1978, and any credit in that system he or she earned for service as a Judge of
25 the District Court shall be nullified; provided that the effect of such service to
26 validate any other service credit in that system shall not be nullified.

27 (6) The state shall, solely for the purpose of compliance with Section 414(h) of the

1 United States Internal Revenue Code, pick up the employee contributions required
 2 by this section for all compensation earned after August 1, 1982, and the
 3 contributions so picked up shall be treated as employer contributions in determining
 4 tax treatment under the United States Internal Revenue Code and KRS 141.010. The
 5 picked-up employee contribution shall satisfy all obligations to the retirement
 6 system satisfied prior to August 1, 1982, by the employee contribution, and the
 7 picked-up employee contribution shall be in lieu of an employee contribution. The
 8 state shall pay these picked-up employee contributions from the same source of
 9 funds which is used to pay earnings to the employee. The employee shall have no
 10 option to receive the contributed amounts directly instead of having them paid by
 11 the employer to the system. Employee contributions picked up after August 1, 1982,
 12 shall be treated for all purposes of KRS 21.345 to 21.570 in the same manner and to
 13 the same extent as employee contributions made prior to August 1, 1982.

14 (7) An election once made under this section, either to participate or not to participate
 15 in the Judicial Retirement Plan, shall be considered to apply, to all future service in
 16 any office covered by the plan, except as provided by Section 1 of this Act ~~KRS~~
 17 ~~21.374 and 21.385(3)~~, whether such service is in the same or a different office, and
 18 whether or not it is continuous.

19 ➔Section 7. KRS 21.402 is repealed, reenacted, and amended to read as follows:

20 (1) A member of the Legislators' Retirement Plan or the Judicial Retirement Plan,
 21 whose participation in the Legislators' Retirement Plan or the Judicial Retirement
 22 Plan begins on or after January 1, 2014, shall receive the retirement benefits
 23 provided by this section in lieu of the retirement benefits provided under KRS 6.520
 24 and 21.400. The retirement benefit provided by this section shall be known as the
 25 hybrid cash balance plan and shall operate as another benefit tier within the
 26 Legislators' Retirement Plan and the Judicial Retirement Plan.

27 (2) The hybrid cash balance plan shall provide a retirement benefit based upon the

1 member's accumulated account balance, which shall include:

2 (a) Contributions made by the member as provided by KRS 6.500 to 6.577 and
3 21.345 to 21.580, except for employee contributions prescribed by KRS
4 6.505(1)(d)2.b. and 21.360(1)(a)3.b.;

5 (b) An employer pay credit of four percent (4%) of the creditable compensation
6 earned by the employee for each month the employee is contributing to the
7 hybrid cash balance plan provided by this section; and

8 (c) Interest credits added annually to the member's accumulated account balance
9 as provided by this section.

10 (3) (a) Member contributions and employer pay credits as provided by subsection
11 (2)(a) and (b) of this section shall be credited to the member's account
12 monthly as contributions are reported and posted to the plan.

13 (b) Interest credits, as provided by subsection (2)(c) of this section, shall be
14 credited to the member's account annually on June 30 of each fiscal year, as
15 determined by subsection (4) of this section.

16 (4) (a) On June 30 of each fiscal year, the plan shall determine if the member
17 contributed to the hybrid cash balance plan~~[or another state-administered~~
18 ~~retirement system]~~ during the fiscal year.

19 (b) If the member contributed to the hybrid cash balance plan~~[or another state-~~
20 ~~administered retirement system]~~ during the fiscal year, the interest credit
21 added to the member's account for that fiscal year shall be determined by
22 multiplying the member's accumulated account balance on June 30 of the
23 preceding fiscal year by a percentage increase equal to:

24 **1. Four percent (4%); plus**

25 **2. Seventy-five percent (75%)**~~[eighty-five percent (85%)]~~ of the plan's
26 geometric average net investment return **in excess of a four percent**
27 **(4%) rate of return**~~[, but in no case shall be less than zero percent~~

1 (0%)].

2 (c) If the member did not contribute to the hybrid cash balance plan~~[or another~~
3 state-administered retirement system] during the fiscal year, ~~the~~~~[then no]~~
4 interest credit ~~[shall be]~~ added to the member's account for that fiscal year
5 **shall be determined by multiplying the member's accumulated account**
6 **balance on June 30 of the preceding fiscal year by four percent (4%).**

7 (d) For purposes of this subsection, "plan's geometric average net investment
8 return":

9 1. Means the annual average geometric investment return, net of
10 administrative and investment fees and expenses, over the last five (5)
11 fiscal years as of the date the interest is credited to the member's
12 account; and

13 2. Shall be expressed as a percentage and based upon the plan in which the
14 member has an account.

15 (5) (a) Upon termination of employment, a member who has less than five (5) years
16 of service credited under the Legislators' Retirement Plan or the Judicial
17 Retirement Plan, who elects to take a refund of his or her accumulated account
18 balance as provided by KRS 21.460, shall forfeit the accumulated employer
19 credit, and shall only receive a refund of his or her accumulated contributions.

20 (b) Upon termination of employment, a member who has five (5) or more years of
21 service credited under the Legislators' Retirement Plan or the Judicial
22 Retirement Plan, who elects to take a refund of his or her accumulated account
23 balance as provided by KRS 21.460, shall receive a full refund of his or her
24 accumulated account balance.

25 (6) A member participating in the hybrid cash balance plan provided by this section
26 may retire:

27 (a) Upon reaching normal retirement age, provided he or she has earned five (5)

1 or more years of service credited under the Legislators' Retirement Plan or the
2 Judicial Retirement Plan, or another state-administered retirement system; or

3 (b) If the member is at least age fifty-seven (57) and has an age and years of
4 service total of at least eighty-seven (87) years. The years of service used to
5 determine eligibility for retirement under this paragraph shall only include
6 years of service credited under the Legislators' Retirement Plan or the Judicial
7 Retirement Plan, or another state-administered retirement system.

8 (7) A member eligible to retire under subsection (6) of this section may elect to:

9 (a) Receive a monthly retirement allowance payable for life by having his or her
10 accumulated account balance annuitized by the retirement plan in accordance
11 with the actuarial assumptions and actuarial methods adopted by the board
12 and in effect on the member's retirement date;

13 (b) Receive the actuarial equivalent of his or her retirement allowance calculated
14 under paragraph (a) of this subsection payable under one (1) of the options set
15 forth in KRS 21.420(8)(b); or

16 (c) Take a refund of his or her accumulated account balance as provided by KRS
17 21.460.

18 (8) The board of the Judicial Form Retirement System shall establish individual
19 members' accounts for each member participating in the hybrid cash balance plan as
20 provided by this section. The Judicial Form Retirement System may promulgate
21 administrative regulations in accordance with KRS Chapter 13A to administer the
22 provisions of this section.

23 (9) The provisions of this section shall not apply to members who began participating
24 in the Legislators' Retirement Plan or the Judicial Retirement Plan prior to January
25 1, 2014, **and shall, effective December 1, 2021, not apply to those members of the**
26 **Legislators' Retirement Plan or the Judicial Retirement Plan who are transferred**
27 **to the Kentucky Employees Retirement System as provided by subsection (2) of**

1 **Section 1 of this Act.**

2 ➔Section 8. KRS 21.480 is repealed, reenacted, and amended to read as follows:

3 (1) For members who begin participating in the Judicial Retirement Plan prior to
4 January 1, 2014, it is hereby declared that in consideration of the contributions by
5 the members, and in further consideration of benefits received by the state through
6 the inducement of qualified and experienced judges and commissioners to continue
7 in service, KRS 21.350 to 21.510, except as provided in KRS 6.696, shall constitute
8 an inviolable contract of the Commonwealth, and the rights and benefits provided
9 therein shall, not be subject to reduction or impairment by alteration, amendment or
10 repeal, except:

11 (a) As provided in KRS 6.696; and

12 (b) The General Assembly reserves the right to amend, reduce, or suspend any
13 legislative changes to the provisions of KRS 21.345 to 21.580 that become
14 effective on or after July 1, ~~2021~~[2018].

15 (2) (a) For members who begin participating in the Judicial Retirement Plan on or
16 after January 1, 2014, the General Assembly reserves the right to amend,
17 suspend, or reduce the benefits and rights provided under KRS 21.345 to
18 21.580 if, in its judgment, the welfare of the Commonwealth so demands,
19 except that the amount of benefits the member has accrued at the time of
20 amendment, suspension, or reduction shall not be affected.

21 (b) For purposes of this subsection, the amount of benefits the member has
22 accrued at the time of amendment, suspension, or reduction shall be limited to
23 the accumulated account balance the member has accrued at the time of
24 amendment, suspension, or reduction.

25 (c) The provisions of this subsection shall not be construed to limit the General
26 Assembly's authority to change any other benefit or right specified by KRS
27 21.345 to 21.580, for members who begin participating in the Judicial

1 Retirement Plan on or after January 1, 2014, except the benefits specified by
2 paragraph (b) of this subsection.

3 (3) The provisions of this section shall not be construed to limit the General Assembly's
4 authority to amend, reduce, or suspend the benefits and rights of members of the
5 Judicial Retirement Plan as provided by KRS 21.345 to 21.580 that the General
6 Assembly had the authority to amend, reduce, or suspend, prior to July 1, 2013.

7 ➔Section 9. KRS 21.525 is amended to read as follows:

8 (1) The state, by appropriation to the Judicial Retirement Board, shall contribute
9 annually to the Judicial Retirement System an amount equal to the percent as
10 computed under subsection (2) of this section of the creditable compensation of
11 active members of the Judicial Retirement System, to be known as the "normal
12 contributions," and an additional amount equal to one percent (1%) of the unfunded
13 past service liabilities, plus annual interest accruing thereon at the actuarially
14 assumed rate of interest adopted by the board to be known as the "past service
15 contribution."

16 (2) The normal contribution rate shall be determined either by the entry age normal cost
17 funding method or the unit credit actuarial method, as selected by the board. The
18 past service liability shall be determined by actuarial methods consistent with the
19 methods prescribed for determining the normal contribution rate. The board shall
20 adopt the actuarial assumptions that are to be used in making the determinations.

21 (3) Normal contributions and the past service liability contribution for each fiscal
22 biennium shall be determined on the basis of the actuarial valuation last preceding
23 the commencement of the biennium.

24 (4) Employer costs for the hybrid cash balance plan as provided by KRS 21.402 shall
25 be incorporated into the employer contribution rate of the Legislators' Retirement
26 Plan and the Judicial Retirement Plan as a new benefit tier within the plans.

27 **(5) Notwithstanding the provisions of this section, the Judicial Form Retirement**

1 System shall not request any funding, except for administrative expenses, for the
2 Legislators' Retirement Plan until such time the Legislators' Retirement Plan has
3 a funding level, as determined by the most recent actuarial valuation, equivalent
4 to or less than the Kentucky Employees Retirement System pension fund that
5 covers nonhazardous employees. It is the intent of the General Assembly to not
6 appropriate any funding, except for administrative expenses, to the Legislators'
7 Retirement Plan in future biennial legislative branch budgets until such time the
8 Legislators' Retirement Plan has a funding level, as of the most recent actuarial
9 valuation, equivalent to or less than the Kentucky Employees Retirement System
10 pension fund that covers nonhazardous employees. For purposes of this
11 subsection, "funding level" means the actuarial value of assets divided by the
12 actuarially accrued liability expressed as a percentage that is determined and
13 reported by the system's actuary in the system's actuarial valuation and based
14 upon values that are used for purposes of funding.

15 ➔Section 10. KRS 61.510 (Effective April 1, 2021) is amended to read as
16 follows:

17 As used in KRS 61.510 to 61.705, unless the context otherwise requires:

- 18 (1) "System" means the Kentucky Employees Retirement System created by KRS
19 61.510 to 61.705;
- 20 (2) "Board" means the board of trustees of the system as provided in KRS 61.645;
- 21 (3) "Department" means any state department or board or agency participating in the
22 system in accordance with appropriate executive order, as provided in KRS 61.520.
23 For purposes of KRS 61.510 to 61.705, the members, officers, and employees of the
24 General Assembly and any other body, entity, or instrumentality designated by
25 executive order by the Governor, shall be deemed to be a department,
26 notwithstanding whether said body, entity, or instrumentality is an integral part of
27 state government;

- 1 (4) "Examiner" means the medical examiners as provided in KRS 61.665;
- 2 (5) "Employee" means the members, officers, and employees of the General Assembly
3 and every regular full-time, appointed or elective officer or employee of a
4 participating department, including the Department of Military Affairs. The term
5 does not include persons engaged as independent contractors, seasonal, emergency,
6 temporary, interim, and part-time workers. In case of any doubt, the board shall
7 determine if a person is an employee within the meaning of KRS 61.510 to 61.705;
- 8 (6) "Employer" means a department or any authority of a department having the power
9 to appoint or select an employee in the department, including the Senate and the
10 House of Representatives, or any other entity, the employees of which are eligible
11 for membership in the system pursuant to KRS 61.525;
- 12 (7) "State" means the Commonwealth of Kentucky;
- 13 (8) "Member" means any employee who is included in the membership of the system or
14 any former employee whose membership has not been terminated under KRS
15 61.535;
- 16 (9) "Service" means the total of current service and prior service as defined in this
17 section;
- 18 (10) "Current service" means the number of years and months of employment as an
19 employee, on and after July 1, 1956, except that for members, officers, and
20 employees of the General Assembly this date shall be January 1, 1960, for which
21 creditable compensation is paid and employee contributions deducted, except as
22 otherwise provided, and each member, officer, and employee of the General
23 Assembly shall be credited with a month of current service for each month he or
24 she serves in the position;
- 25 (11) "Prior service" means the number of years and completed months, expressed as a
26 fraction of a year, of employment as an employee, prior to July 1, 1956, for which
27 creditable compensation was paid; except that for members, officers, and employees

1 of the General Assembly, this date shall be January 1, 1960. An employee shall be
2 credited with one (1) month of prior service only in those months he or she received
3 compensation for at least one hundred (100) hours of work; provided, however, that
4 each member, officer, and employee of the General Assembly shall be credited with
5 a month of prior service for each month he or she served in the position prior to
6 January 1, 1960. Twelve (12) months of current service in the system are required to
7 validate prior service;

8 (12) "Accumulated contributions" at any time means the sum of all amounts deducted
9 from the compensation of a member and credited to his or her individual account in
10 the members' account, including employee contributions picked up after August 1,
11 1982, pursuant to KRS 61.560(4), together with interest credited, on such amounts
12 and any other amounts the member shall have contributed thereto, including interest
13 credited thereon. For members who begin participating on or after September 1,
14 2008, "accumulated contributions" shall not include employee contributions that are
15 deposited into accounts established pursuant to 26 U.S.C. sec. 401(h) within the
16 funds established in KRS 16.510 and 78.520, as prescribed by KRS 61.702(2)(b);

17 (13) "Creditable compensation":

18 (a) Means all salary, wages, tips to the extent the tips are reported for income tax
19 purposes, and fees, including payments for compensatory time, paid to the
20 employee as a result of services performed for the employer or for time during
21 which the member is on paid leave, which are includable on the member's
22 federal form W-2 wage and tax statement under the heading "wages, tips,
23 other compensation," including employee contributions picked up after
24 August 1, 1982, pursuant to KRS 61.560(4). For members of the General
25 Assembly, it shall mean all amounts which are includable on the member's
26 federal form W-2 wage and tax statement under the heading "wages, tips,
27 other compensation," including employee contributions picked up after

1 August 1, 1982, pursuant to KRS 6.505(4) or 61.560(4);

2 (b) Includes:

- 3 1. Lump-sum bonuses, severance pay, or employer-provided payments for
4 purchase of service credit, which shall be averaged over the employee's
5 total service with the system in which it is recorded if it is equal to or
6 greater than one thousand dollars (\$1,000);
- 7 2. Cases where compensation includes maintenance and other perquisites,
8 but the board shall fix the value of that part of the compensation not paid
9 in money;
- 10 3. Lump-sum payments for creditable compensation paid as a result of an
11 order of a court of competent jurisdiction, the Personnel Board, or the
12 Commission on Human Rights, or for any creditable compensation paid
13 in anticipation of settlement of an action before a court of competent
14 jurisdiction, the Personnel Board, or the Commission on Human Rights,
15 including notices of violations of state or federal wage and hour statutes
16 or violations of state or federal discrimination statutes, which shall be
17 credited to the fiscal year during which the wages were earned or should
18 have been paid by the employer. This subparagraph shall also include
19 lump-sum payments for reinstated wages pursuant to KRS 61.569,
20 which shall be credited to the period during which the wages were
21 earned or should have been paid by the employer;
- 22 4. Amounts which are not includable in the member's gross income by
23 virtue of the member having taken a voluntary salary reduction provided
24 for under applicable provisions of the Internal Revenue Code; and
- 25 5. Elective amounts for qualified transportation fringes paid or made
26 available on or after January 1, 2001, for calendar years on or after
27 January 1, 2001, that are not includable in the gross income of the

1 employee by reason of 26 U.S.C. sec. 132(f)(4); and

2 (c) Excludes:

- 3 1. Living allowances, expense reimbursements, lump-sum payments for
4 accrued vacation leave, and other items determined by the board;
- 5 2. For employees who begin participating on or after September 1, 2008,
6 lump-sum payments for compensatory time;
- 7 3. For employees who begin participating on or after August 1, 2016,
8 nominal fees paid for services as a volunteer; and
- 9 4. Any salary or wages paid to an employee for services as a Kentucky
10 State Police school resource officer as defined by KRS 158.441;

11 (14) "Final compensation" of a member means:

12 (a) For a member who begins participating before September 1, 2008, who is
13 employed in a nonhazardous position, the creditable compensation of the
14 member during the five (5) fiscal years he or she was paid at the highest
15 average monthly rate divided by the number of months of service credit during
16 that five (5) year period multiplied by twelve (12). The five (5) years may be
17 fractional and need not be consecutive. If the number of months of service
18 credit during the five (5) year period is less than forty-eight (48), one (1) or
19 more additional fiscal years shall be used;

20 (b) For a member who is employed in a nonhazardous position, whose effective
21 retirement date is between August 1, 2001, and January 1, 2009, and whose
22 total service credit is at least twenty-seven (27) years and whose age and years
23 of service total at least seventy-five (75), final compensation means the
24 creditable compensation of the member during the three (3) fiscal years the
25 member was paid at the highest average monthly rate divided by the number
26 of months of service credit during that three (3) years period multiplied by
27 twelve (12). The three (3) years may be fractional and need not be

1 consecutive. If the number of months of service credit during the three (3)
2 year period is less than twenty-four (24), one (1) or more additional fiscal
3 years shall be used. Notwithstanding the provision of KRS 61.565, the
4 funding for this paragraph shall be provided from existing funds of the
5 retirement allowance;

6 (c) For a member who begins participating before September 1, 2008, who is
7 employed in a hazardous position, as provided in KRS 61.592, the creditable
8 compensation of the member during the three (3) fiscal years he or she was
9 paid at the highest average monthly rate divided by the number of months of
10 service credit during that three (3) year period multiplied by twelve (12). The
11 three (3) years may be fractional and need not be consecutive. If the number of
12 months of service credit during the three (3) year period is less than twenty-
13 four (24), one (1) or more additional fiscal years shall be used;

14 (d) For a member who begins participating on or after September 1, 2008, but
15 prior to January 1, 2014, who is employed in a nonhazardous position, the
16 creditable compensation of the member during the five (5) complete fiscal
17 years immediately preceding retirement divided by five (5). Each fiscal year
18 used to determine final compensation must contain twelve (12) months of
19 service credit. If the member does not have five (5) complete fiscal years that
20 each contain twelve (12) months of service credit, then one (1) or more
21 additional fiscal years, which may contain less than twelve (12) months of
22 service credit, shall be added until the number of months in the final
23 compensation calculation is at least sixty (60) months; or

24 (e) For a member who begins participating on or after September 1, 2008, but
25 prior to January 1, 2014, who is employed in a hazardous position as provided
26 in KRS 61.592, the creditable compensation of the member during the three
27 (3) complete fiscal years he or she was paid at the highest average monthly

1 rate divided by three (3). Each fiscal year used to determine final
2 compensation must contain twelve (12) months of service credit. If the
3 member does not have three (3) complete fiscal years that each contain twelve
4 (12) months of service credit, then one (1) or more additional fiscal years,
5 which may contain less than twelve (12) months of service credit, shall be
6 added until the number of months in the final compensation calculation is at
7 least thirty-six (36) months;

8 **For any member who has service in the system that was earned while serving as a**
9 **member of the General Assembly, the final compensation used to calculate the**
10 **benefits for any service credit earned as a member of the General Assembly shall**
11 **not include creditable compensation earned in the State Police Retirement**
12 **System, Judicial Retirement Plan, Kentucky Employees Retirement System,**
13 **County Employees Retirement System, or Teachers' Retirement System on or**
14 **after July 1, 2021, except for creditable compensation earned solely for his or her**
15 **service to the General Assembly;**

16 (15) "Final rate of pay" means the actual rate upon which earnings of an employee were
17 calculated during the twelve (12) month period immediately preceding the
18 member's effective retirement date, including employee contributions picked up
19 after August 1, 1982, pursuant to KRS 61.560(4). The rate shall be certified to the
20 system by the employer and the following equivalents shall be used to convert the
21 rate to an annual rate: two thousand eighty (2,080) hours for eight (8) hour
22 workdays, nineteen hundred fifty (1,950) hours for seven and one-half (7-1/2) hour
23 workdays, two hundred sixty (260) days, fifty-two (52) weeks, twelve (12) months,
24 one (1) year;

25 (16) "Retirement allowance" means the retirement payments to which a member is
26 entitled;

27 (17) "Actuarial equivalent" means a benefit of equal value when computed upon the

1 basis of the actuarial tables that are adopted by the board. In cases of disability
2 retirement, the options authorized by KRS 61.635 shall be computed by adding ten
3 (10) years to the age of the member, unless the member has chosen the Social
4 Security adjustment option as provided for in KRS 61.635(8), in which case the
5 member's actual age shall be used. For members who began participating in the
6 system prior to January 1, 2014, no disability retirement option shall be less than the
7 same option computed under early retirement;

8 (18) "Normal retirement date" means the sixty-fifth birthday of a member, unless
9 otherwise provided in KRS 61.510 to 61.705;

10 (19) "Fiscal year" of the system means the twelve (12) months from July 1 through the
11 following June 30, which shall also be the plan year. The "fiscal year" shall be the
12 limitation year used to determine contribution and benefit limits as established by
13 26 U.S.C. sec. 415;

14 (20) "Officers and employees of the General Assembly" means the occupants of those
15 positions enumerated in KRS 6.150. The term shall also apply to assistants who
16 were employed by the General Assembly for at least one (1) regular legislative
17 session prior to July 13, 2004, who elect to participate in the retirement system, and
18 who serve for at least six (6) regular legislative sessions. Assistants hired after July
19 13, 2004, shall be designated as interim employees;

20 (21) "Regular full-time positions," as used in subsection (5) of this section, shall mean
21 all positions that average one hundred (100) or more hours per month determined by
22 using the number of months actually worked within a calendar or fiscal year,
23 including all positions except:

24 (a) Seasonal positions, which although temporary in duration, are positions which
25 coincide in duration with a particular season or seasons of the year and which
26 may recur regularly from year to year, the period of time shall not exceed nine
27 (9) months;

- 1 (b) Emergency positions which are positions which do not exceed thirty (30)
2 working days and are nonrenewable;
- 3 (c) Temporary positions which are positions of employment with a participating
4 department for a period of time not to exceed nine (9) months and are
5 nonrenewable;
- 6 (d) Part-time positions which are positions which may be permanent in duration,
7 but which require less than a calendar or fiscal year average of one hundred
8 (100) hours of work per month, determined by using the number of months
9 actually worked within a calendar or fiscal year, in the performance of duty;
10 and
- 11 (e) Interim positions which are positions established for a one-time or recurring
12 need not to exceed nine (9) months;
- 13 (22) "Delayed contribution payment" means an amount paid by an employee for
14 purchase of current service. The amount shall be determined using the same formula
15 in KRS 61.5525, and the payment shall not be picked up by the employer. A
16 delayed contribution payment shall be deposited to the member's account and
17 considered as accumulated contributions of the individual member. In determining
18 payments under this subsection, the formula found in this subsection shall prevail
19 over the one found in KRS 212.434;
- 20 (23) "Parted employer" means a department, portion of a department, board, or agency,
21 such as Outwood Hospital and School, which previously participated in the system,
22 but due to lease or other contractual arrangement is now operated by a publicly held
23 corporation or other similar organization, and therefore is no longer participating in
24 the system. The term "parted employer" shall not include a department, board, or
25 agency that ceased participation in the system pursuant to KRS 61.522;
- 26 (24) "Retired member" means any former member receiving a retirement allowance or
27 any former member who has filed the necessary documents for retirement benefits

- 1 and is no longer contributing to the retirement system;
- 2 (25) "Current rate of pay" means the member's actual hourly, daily, weekly, biweekly,
3 monthly, or yearly rate of pay converted to an annual rate as defined in final rate of
4 pay. The rate shall be certified by the employer;
- 5 (26) "Beneficiary" means the person or persons or estate or trust or trustee designated by
6 the member in accordance with KRS 61.542 or 61.705 to receive any available
7 benefits in the event of the member's death. As used in KRS 61.702, "beneficiary"
8 does not mean an estate, trust, or trustee;
- 9 (27) "Recipient" means the retired member or the person or persons designated as
10 beneficiary by the member and drawing a retirement allowance as a result of the
11 member's death or a dependent child drawing a retirement allowance. An alternate
12 payee of a qualified domestic relations order shall not be considered a recipient,
13 except for purposes of KRS 61.623;
- 14 (28) "Level percentage of payroll amortization method" means a method of determining
15 the annual amortization payment on the unfunded actuarial accrued liability as
16 expressed as a percentage of payroll over a set period of years. Under this method,
17 the percentage of payroll shall be projected to remain constant for all years
18 remaining in the set period of time and the unfunded actuarially accrued liability
19 shall be projected to be fully amortized at the conclusion of the set period of years;
- 20 (29) "Increment" means twelve (12) months of service credit which are purchased. The
21 twelve (12) months need not be consecutive. The final increment may be less than
22 twelve (12) months;
- 23 (30) "Person" means a natural person;
- 24 (31) "Retirement office" means the Kentucky Public Pensions Authority's office building
25 in Frankfort;
- 26 (32) "Last day of paid employment" means the last date employer and employee
27 contributions are required to be reported in accordance with KRS 16.543, 61.543, or

- 1 78.615 to the retirement office in order for the employee to receive current service
2 credit for the month. Last day of paid employment does not mean a date the
3 employee receives payment for accrued leave, whether by lump sum or otherwise, if
4 that date occurs twenty-four (24) or more months after previous contributions;
- 5 (33) "Objective medical evidence" means reports of examinations or treatments; medical
6 signs which are anatomical, physiological, or psychological abnormalities that can
7 be observed; psychiatric signs which are medically demonstrable phenomena
8 indicating specific abnormalities of behavior, affect, thought, memory, orientation,
9 or contact with reality; or laboratory findings which are anatomical, physiological,
10 or psychological phenomena that can be shown by medically acceptable laboratory
11 diagnostic techniques, including but not limited to chemical tests,
12 electrocardiograms, electroencephalograms, X-rays, and psychological tests;
- 13 (34) "Participating" means an employee is currently earning service credit in the system
14 as provided in KRS 61.543;
- 15 (35) "Month" means a calendar month;
- 16 (36) "Membership date" means:
- 17 (a) The date upon which the member began participating in the system as
18 provided in KRS 61.543; or
- 19 (b) For a member electing to participate in the system pursuant to KRS
20 196.167(4) who has not previously participated in the system or the Kentucky
21 Teachers' Retirement System, the date the member began participating in a
22 defined contribution plan that meets the requirements of 26 U.S.C. sec.
23 403(b);
- 24 (37) "Participant" means a member, as defined by subsection (8) of this section, or a
25 retired member, as defined by subsection (24) of this section;
- 26 (38) "Qualified domestic relations order" means any judgment, decree, or order,
27 including approval of a property settlement agreement, that:

- 1 (a) Is issued by a court or administrative agency; and
- 2 (b) Relates to the provision of child support, alimony payments, or marital
- 3 property rights to an alternate payee;
- 4 (39) "Alternate payee" means a spouse, former spouse, child, or other dependent of a
- 5 participant, who is designated to be paid retirement benefits in a qualified domestic
- 6 relations order;
- 7 (40) "Accumulated employer credit" mean the employer pay credit deposited to the
- 8 member's account and interest credited on such amounts as provided by KRS
- 9 16.583 and 61.597;
- 10 (41) "Accumulated account balance" means:
- 11 (a) For members who began participating in the system prior to January 1, 2014,
- 12 the member's accumulated contributions; or
- 13 (b) For members who began participating in the system on or after January 1,
- 14 2014, in the hybrid cash balance plan as provided by KRS 16.583 and 61.597,
- 15 the combined sum of the member's accumulated contributions and the
- 16 member's accumulated employer credit;
- 17 (42) "Volunteer" means an individual who:
- 18 (a) Freely and without pressure or coercion performs hours of service for an
- 19 employer participating in one (1) of the systems administered by Kentucky
- 20 Retirement Systems without receipt of compensation for services rendered,
- 21 except for reimbursement of actual expenses, payment of a nominal fee to
- 22 offset the costs of performing the voluntary services, or both; and
- 23 (b) If a retired member, does not become an employee, leased employee, or
- 24 independent contractor of the employer for which he or she is performing
- 25 volunteer services for a period of at least twelve (12) months following the
- 26 retired member's most recent retirement date;
- 27 (43) "Nominal fee" means compensation earned for services as a volunteer that does not

1 exceed five hundred dollars (\$500) per month. Compensation earned for services as
 2 a volunteer from more than one (1) participating employer during a month shall be
 3 aggregated to determine whether the compensation exceeds the five hundred dollars
 4 (\$500) per month maximum provided by this subsection;

5 (44) "Nonhazardous position" means a position that does not meet the requirements of
 6 KRS 61.592 or has not been approved by the board as a hazardous position;

7 (45) "Monthly average pay" means the higher of the member's monthly final rate of pay
 8 or the average monthly creditable compensation earned by the deceased member
 9 during his or her last twelve (12) months of employment;

10 (46) "Authority" means the Kentucky Public Pensions Authority as provided by KRS
 11 61.505; and

12 (47) "Executive director" means the executive director of the Kentucky Public Pensions
 13 Authority.

14 ➔Section 11. KRS 61.680 is repealed, reenacted, and amended to read as follows:

15 Except as limited by KRS 6.525, 21.374, or Section 1 of this Act~~[61.5955, or 61.5956]~~:

16 (1) Prior to August 1, 1982, every employee shall be deemed to consent and agree to
 17 any deduction from his compensation required by KRS 6.500 to 6.535, 16.505 to
 18 16.652, 61.510 to 61.692, 78.510 to 78.852, and to all other provisions thereof.
 19 Thereafter, employee contributions shall be picked up by the employer pursuant to
 20 KRS 61.560(4).

21 (2) (a) Notwithstanding any other provisions of KRS 6.500 to 6.535, 16.505 to
 22 16.652, 61.510 to 61.692, 78.510 to 78.852 and 161.220 to 161.714:

23 1. Upon death, disability, or service retirement, a member's accounts under
 24 the Legislators' Retirement Plan, State Police Retirement System,
 25 Kentucky Employees Retirement System, County Employees Retirement
 26 System, and Teachers' Retirement System, except for service prohibited
 27 by KRS 161.623(2), shall be consolidated for the purpose of determining

- 1 eligibility and amount of benefits, including those members who
2 participate in the hybrid cash balance plan ~~or 401(a) money purchase~~
3 ~~plans~~ within the Kentucky Employees Retirement System, the County
4 Employees Retirement System, the State Police Retirement System, or
5 the Teachers' Retirement System;
- 6 2. Vested service credit in a retirement system, other than the Teachers'
7 Retirement System, sponsored by a Kentucky institution of higher
8 education and accepted by the Kentucky Employees Retirement System
9 or the County Employees Retirement System, may be used to determine
10 eligibility for twenty-seven (27) year retirement for an employee who
11 begins participating before September 1, 2008, but not the amount of
12 benefits;
- 13 3. The computation of benefits shall be based on the applicable formula in
14 each system and service credit in each system, but the final
15 compensation, excluding compensation earned under KRS 161.155(10),
16 shall be determined as if all service were in one (1) system;
- 17 4. If the member has prior service in more than one (1) system
18 administered by Kentucky Retirement Systems, he or she shall obtain at
19 least twelve (12) months' current service in each system in which he or
20 she has prior service in order to validate the prior service in each system
21 for purposes of determining consolidated benefits under this subsection;
22 and
- 23 5. Upon the determination of benefits, each system shall pay the applicable
24 amount of benefits due the member.
- 25 (b) The provisions of paragraph (a) of this subsection shall be waived if the
26 member:
- 27 1. Notifies the system of his or her desire to maintain separate retirement

- 1 accounts in the State Police Retirement System, Kentucky Employees
2 Retirement System, or County Employees Retirement System; or
- 3 2. Fails to simultaneously retire from all state-administered retirement
4 systems in which the member has an account or fails to retire from any
5 other systems not administered by Kentucky Retirement Systems within
6 one (1) month of the member's effective retirement date in the systems
7 administered by Kentucky Retirement Systems.
- 8 (c) If the member has not contributed at least one (1) year in a system in which he
9 or she has prior service, his or her current service in the system shall be valid
10 for purposes of determining eligibility and in computation of benefits on a
11 consolidated basis.
- 12 (3) (a) A member with service credit in the Kentucky Employees Retirement System,
13 State Police Retirement System, or the County Employees Retirement System
14 who becomes the holder of an office entitling him to membership in the
15 Judicial Retirement Plan or the Legislators' Retirement Plan, but who does not
16 elect within thirty (30) days after taking office in such service to participate in
17 the plan or is not eligible to participate in the plan in accordance with
18 Section 1 of this Act, in accordance with KRS 6.505 or 21.360, shall be
19 deemed to have elected to retain membership in the system in which he or she
20 is a member, either the Kentucky Employees Retirement System, State Police
21 Retirement System, or the County Employees Retirement System. In that
22 event, the agency employing the member shall withhold employee
23 contributions, or picked-up employee contributions after August 2, 1982,
24 make employer contributions and remit these contributions to the system in
25 which the member retained his or her membership.
- 26 (b) Any person entitled to membership in the Judicial Retirement Plan or the
27 Legislators' Retirement Plan, who does not elect within thirty (30) days after

1 taking office to participate in the plan, in accordance with KRS 6.505 or
2 21.360, and who at the time of taking office is not a contributing member of,
3 or does not have service credit in, any of the retirement systems mentioned in
4 this section, or the Teachers' Retirement System, shall participate in the
5 Kentucky Employees Retirement System.

6 (c) A member of one (1) of the state-administered retirement plans who ceases to
7 contribute to the plan as provided in KRS 21.360 and who is employed in a
8 nonelected position by an agency participating in the Kentucky Retirement
9 Systems or Kentucky Teachers' Retirement System shall be deemed to have
10 elected membership in the system in which the employer of the nonelected
11 position participates. A member of one (1) of the state-administered
12 retirement plans who ceases to contribute to the plan as provided in KRS
13 21.360 and who is not employed in a nonelected position by an agency
14 participating in the Kentucky Retirement Systems shall be deemed to have
15 elected membership in the Kentucky Employees Retirement System.

16 (4) (a) Prior to July 1, 1976, a person entering the service of an employer
17 participating in the Kentucky Employees Retirement System or the County
18 Employees Retirement System with service credit in the Teachers' Retirement
19 System and who desires to retain membership in the Teachers' Retirement
20 System, and who is permitted by that system to continue, shall be exempt
21 from participating in the Kentucky Employees Retirement System or the
22 County Employees Retirement System.

23 (b) Any person who has elected to retain membership in the Teachers' Retirement
24 System as provided in paragraph (a) of this subsection may cancel his election
25 and participate in the system under which his position would normally
26 participate, if he elects to cancel his option prior to January 1, 1977.

27 (c) Any member of the General Assembly who upon election is a contributing

1 member of the Teachers' Retirement System and who does not elect within
2 thirty (30) days after taking office to participate in the Legislators' Retirement
3 Plan, in accordance with KRS 6.505 or is not eligible to participate in the
4 Legislators' Retirement Plan in accordance with Section 1 of this Act, shall
5 during his or her term of office participate in the Kentucky Employees
6 Retirement System unless an election to retain membership in the Teachers'
7 Retirement System is filed in writing within ninety (90) days after his or her
8 term of office begins. No contributions may be made to the Teachers'
9 Retirement System for the same period of service under the Legislators'
10 Retirement Plan or the Kentucky Employees Retirement System as a member
11 of the General Assembly, but contributions made to the Teachers' Retirement
12 System while a member of the General Assembly shall be transferred to the
13 Legislators' Retirement Plan, as provided for in KRS 6.535, when the member
14 elects to join the Legislators' Retirement Plan, and service credit in the
15 Legislators' Retirement Plan shall be granted as provided for in KRS 6.505(5).

16 (5) Any member of the Kentucky Employees Retirement System or County Employees
17 Retirement System who is working in a position covered by one (1) of these
18 retirement systems and his or her employee contributions, service credit and
19 employer contributions made on his behalf are being transferred to the other
20 retirement system shall contribute to the system in which his employer participates,
21 or after August 1, 1982, the employer shall pick up the employee contributions, and
22 no further contributions or service credit shall be transferred to the system in which
23 he or she elected to retain membership, as subsection (2) of this section eliminates
24 the necessity of the transfers.

25 (6) Any member of the Kentucky Employees Retirement System or County Employees
26 Retirement System who is working in more than one (1) position covered by the
27 same retirement system, shall have his or her wages and contributions consolidated

1 and his or her retirement account administered as a single account. If part-time
2 positions are involved, an accumulation of all hours worked within the same
3 retirement system shall be used to determine eligibility under KRS 61.510(21).

4 (7) (a) Notwithstanding the provisions of subsection (2) of this section, a person who
5 does not have the amount of service required for service retirement in the
6 State Police Retirement System, Kentucky Employees Retirement System,
7 County Employees Retirement System, Legislators' Retirement Plan, or
8 Teachers' Retirement System, but who is a member of one (1) of the systems
9 or is a former member of one (1) or more of the systems with valid service
10 credit therein, shall become eligible for service retirement benefits attributable
11 to the amount of his or her actual service credit in each system in which he or
12 she has service credit when his or her combined service credit in all the
13 systems, plus any service credit he or she has in the Judicial Retirement Plan,
14 is equal to that required for service retirement in each respective system. The
15 computation of benefits shall be based on the applicable formula in each
16 system and service credit in each system, except that total service in all
17 systems, unless prohibited by KRS 161.623(2), shall be used to determine the
18 reduction for early retirement, if any. Except as provided in KRS 21.360, the
19 final compensation shall be determined by using the creditable compensation
20 reported to the State Police Retirement System, Kentucky Employees
21 Retirement System, County Employees Retirement System, Legislators'
22 Retirement Plan, or Teachers' Retirement System and only as much of the
23 compensation earned in the Judicial Retirement Plan as is needed to satisfy the
24 final compensation requirement applicable in the respective retirement
25 systems.

26 (b) Paragraph (a) of this subsection shall be waived if the member fails to
27 simultaneously retire from all state-administered retirement systems in which

1 the member has an account or fails to retire from any other systems not
2 administered by Kentucky Retirement Systems within one (1) month of the
3 member's effective retirement date in the systems administered by the
4 Kentucky Retirement Systems.

5 (8) Each retirement system from which the member retires shall pay a retirement
6 allowance upon receipt of required forms and documents, except that no retirement
7 system shall pay a retirement allowance or annuity until all forms and documents
8 are filed at all retirement systems in compliance with each system's requirements.